



Strategic Alliances – Mexico

San Antonio District Office, 727 E. Durango Blvd, Suite A-527, San Antonio, TX 78206

Volume 3, Issue 3

Monthly Newsletter

May 2001

Export Express: Financing Solutions for U.S. Exporters

By Jean Smith, Acting Director, Office of International Trade, SBA

The number of small business exporters tripled in the past decade, and the value of small business exports has increased 300% in the past five years. These statistics reflect a largely untapped potential for increasing U.S. exports. Exporting statistics also show that even the smallest of businesses is involved in export transactions. We know that nearly 20% of small and medium-sized enterprises (SMEs) exporting have no employees beyond the principal, reflecting a change in who is exporting and what they export. We also know that 2/3 of all SMEs sold to just one market. To help greater numbers of small businesses pursue overseas ventures, the SBA has developed a new loan program called **SBA Export Express**.

Does your company need funding to support market penetration strategies? Are you wondering how to fund a promising trade mission overseas? SBA has the answer with **SBA Export Express**. This new loan guarantee program helps small businesses that have



Mexico Economic Update

Investment Analysis: Strong GDP rates of 6.9%, a peaceful and democratic presidential transition, and the Mexico-E.U. trade agreement have led to continued strong foreign investment confidence in Mexico and a hardy Mexican new peso. -

Foreign Direct Investment (FDI): Mexico's FDI in 1st 2001 quarter was \$3.35 billion, up 1.4% from a year earlier (\$3.30 billion) and end of 4th 2000 quarter. Mexico's 1st quarter left behind Brazil's, which was \$2.1 billion, and lower than a year ago. Mexico's Ministry of the Economy reported a 13.8% increase in FDI during 2000 over 1999 totaling \$13.2 billion dollars with over 62% invested in manufacturing, metals, machinery and equipment, chemicals and plastics. Total U.S. investment of \$9 billion led Spain's (\$1.57), Netherlands' (\$979 million), and Canada's (\$497 million). Between January 1994 and September 1999, Mexico attracted \$67 billion in FDI. With its ultra sophisticated just-in-time manufacturing facilities, it's no surprise that for several years Mexico's manufacturing has steadily replaced oil and raw materials as a wealth generator.

Peso Exchange Rate (WSJ5/01): Continued strength of the new peso. MX Pesos \$9.26 / US\$1



Source: INEGI: Banco de Información Económica & Banco de México; NAFTA Works; Wall Street Journal.

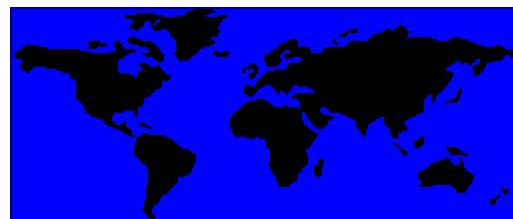
INSIDE THIS ISSUE

- 1 Export Express: Financing Solutions for U.S. Exporters
- 1 Mexico Economic Update
- 2 Growth Rates of State Exports to Mexico, 1993-2000
- 2 ABCs: How to Export
- 3 Profile of State of Tamaulipas / Events Calendar
- News Bulletin
- 4 SBA Regional News
- 5 Guadalajara Connections 2001 Trade Mission
- Contributions and Credits

exporting potential, but need funds to cover the initial costs of entering an export market, to buy or produce goods or to provide services for export. This new program has the flexibility to use loan proceeds for most business purposes, including [expansion](#), [equipment purchases](#), [working capital](#), [inventory](#) or [real estate acquisitions](#).

Loan proceeds may also be used to help finance such items as [participation in overseas trade shows or trade missions](#), [standard certifications \(i.e., CE Mark & ISO 9000\)](#) and [modifications of a company's web site](#) to accommodate export transactions. To help you structure your loan application, plan your export market penetration strategy or just locate a new market for your product overseas, SBA Export Express offers the technical assistance needed to open new markets. The pilot program will continue through September 30, 2005. For more information, contact your local SBA representative in the U.S. Export Assistance Center (USEAC) nearest you. ♦

(A longer version of this article appeared in the U.S. Department of Commerce's *Export America* trade publication, April 2001)



ABCs of Exporting

A. YOUR RESOURCES. How do you export if you don't know how? After all, exporting is booming in the United States, and there has never been a better time for American businesses to begin. The advantages of exporting are increased growth, increased profits, additional markets, extended product/service life cycles, increased numbers of customers, tax advantages, added product/service lines, improved competitiveness, and great publicity. Federal, state, and local resources will help get your product to its final destination. Consider these:

✕ **International Trade Centers (ITCs):** In partnership with the SBA's national [Small Business Development Center](#) initiative, ITCs are located in local community colleges, universities, and chambers and offer free professional counseling to new-to-export companies. Seminars cover topics on U.S. Customs rules and procedures, how certify your product under NAFTA, NAFTA Rules of Origin, marking and labeling, documentation and logistics, legal issues and free trade zones, letters of credit, methods of payments, cultural issues and more.

✕ A network of **U.S. Export Assistance Centers** provides expert counseling to prospective exporters nationwide. With staffing from the U.S. Department of Commerce (USDOC), SBA and EximBank, USEACs offer "one-stop" counseling for new-to-export businesses and introductions to foreign trade markets through trade missions and overseas Foreign Commercial staff contacts. Also, SBA and EximBank provide export financing guidance.

✕ Aggressive statewide initiatives like **Ohio Export Launch**, **Tennessee Passport to International Trade**, **Export Georgia** and **Export Ag 2000** (Georgia), and **South Carolina Export Consortium** also prepare companies for foreign markets with training coordinated by university-affiliated ITCs. Contact your local chamber, state economic development agency, or SBA office for more info. Your state probably has an Office of International Trade, foreign trade offices, or even organizes trade missions.

Call us, we'll get you started! (210) 472-5913

Percentage Growth Rates U.S. EXPORTS TO MEXICO SBA Regions 4 & 5, 1993-2000

REGION 4	% CHANGE
1. Indiana	492.9%
2. Michigan	233.0%
3. Ohio	184.5%
4. Wisconsin	154.6%
5. Illinois	120.9%
6. Minnesota	82.4%

REGION 5	% CHANGE
1. South Carolina	457.1%
2. Mississippi	391.5%
3. North Carolina	322.6%
4. Tennessee	307.3%
5. Alabama	261.3%
6. Georgia	193.0%
7. Kentucky	171.1%
8. Florida	139.9%

Source: U. S. Census, MISER.

Profile of Tamaulipas

Capital: Cd. Victoria

Other Cities: Nuevo Laredo, Reynosa, Matamoros, Tampico, Madero, Altamira

Population: 2,747,114 (2000)

- 90% of population live in urban areas
- 3rd in number of highways constructed
- U.S. Winter Tourists and Business Tourism
- Borders major U.S. cities: Laredo, McAllen, Brownsville
- 14 international bridges

Exports & Imports: US\$8.4 million; US\$7.5 million

The prestigious U.S.-Mexico Border Governors' Conference will be held June 7-8, 2001, in Tampico, Tamaulipas. With annual growth rates of 4.8%, this state is Mexico's 10th largest economy. Located on the Gulf of Mexico, Tamaulipas is the 3rd most important border states for direct foreign investment.

As a Gulf state bordering the U.S., geography and water supply have led to Tamaulipas' success. Along the Atlantic Coast, the Tampico-Madero-Altamira area provides roughly half of Mexico's shipping needs and benefits from a growing list of free trade partners. The Port of Tampico exports petrochemical products from Mexico's largest refining center in Madero, agricultural products, minerals, and cement. With state-of-the-art port facilities to both produce and distribute, the modern Port of Altamira specializes in manufacturing and automobile exports. U.S.-based textile manufacturers Guilford Mills and Cone Mills (both based in Greensboro, N.C.) built more than \$100 million in infrastructure for its plants in Altamira's 600-acre industrial park. Rising to Asian competition, these companies are here because of low labor costs and proximity to apparel industry customers in both Mexico and Central America.

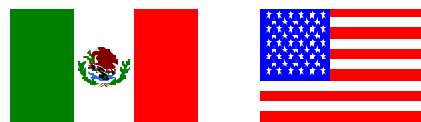
Along the border the manufacturing sector is the largest employer as U.S. in-bond assembly plants (Lucent Technology) employ 80% of the workforce. In the south agribusiness (grains, citrus, sugar, okra, sorghum) and cattle-raising generate over 10% of the state's economy. Sport fishermen and cattle brokers—Tampico is the Brahma cattle-breeding center of Mexico—have made this their second home.

In all Tamaulipas offers geographic advantages and untapped opportunities as it's close to San Luis Potosi, Mexico City, U.S. and European markets.✓

Celebrate Mexican Holidays!

May 5 – Cinco de Mayo (Battle of Puebla)

May 10 – Mother's Day



Free Trade, Of Course!

→Quebec's **Summit of the Americas** held success as 34 heads of state opted to open markets by 2005 and support a democracy clause in the **Free Trade Agreement of the Americas**. Since Mexico signed the GATT, it has strengthened its democracy and its economy by sustaining economic growth and transitioning toward democracy. High hopes remain for the FTAA and possible side agreements with Chile and South America to promote trade throughout the 800 million-strong region. Mexico has been an active partner in the FTAA negotiations and will host the 2003 meeting. (4/23)

→**U.S. Latinos** make up the 5th-largest Hispanic population in the world, behind Argentina. By 2025 they should be the 2nd largest group, trailing only Mexico.

→President **Fox** will be in the U.S. in early May to meet Pres. Bush and the American Jewish Conference.

EVENT CALENDAR

NATIONAL SMALL BUSINESS WEEK, MAY 6-12, 2001
For more information, see <http://www.sba.gov>

U.S. CHAMBER OF COMMERCE GLOBAL SUMMIT
Date: 5/20-22/01 Location: Washington, D.C.
<http://www.uschamber.com/International/Summit/>

1ST ANNUAL BORDERLAND TRADE SHOW
Date: 8/28-29/01 Location: San Diego, CA
www.borderland.tradeshow.net/

8TH BORDER ENERGY FORUM
Date: Location: Phoenix, AZ
Forum will showcase cross-border energy efficiency opportunities.
<http://www.glo.state.tx.us/border/forum8.html>

INTERNATIONAL BUSINESS MATCHMAKING MEXICO--USA--CANADA
Date: 05/9-11/01 Location: Fort Worth, TX
Sponsors: Fort Worth International Center (817) 212-2668 & North American Intrl Trade Corridor Partnership-NAITCP

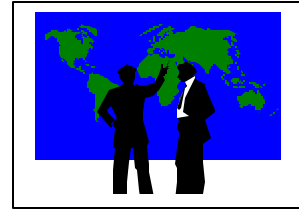
"GO GLOBAL TO WIN" SEMINAR SERIES
Date: 4/4-5/30/01 Location: Lakewood, CA
Contact: Center for International Trade Development (562) 938-5016 or citd@lbcc.cc.ca.us

"PASSPORT TO INTERNATIONAL TRADE" SEMINARS
Date: Varies Location: Nashville, Memphis Jackson, Knoxville, Chattanooga
Training seminars at locations throughout Tennessee.
See www.tsdbc.org or contact Gene Odom (901) 678-4174

MONTHLY REGIONAL NEWS: REGIONS 4 & 5

EACH MONTH **SBA** FEATURES REGIONAL NEWS OF NEW -TO-EXPORT COMPANIES

EXPORT TELEGRAM....



Overstreet-Hughes Exports To Mexico... In 1990 Charles Hughes and Michael Overstreet started their small business in a downtown grocery store in Carthage, Tennessee, with no plans of exporting to Mexico. Today the company is located in a 35,000 square-foot building with plans to expand. Over the last 10 years, the **Overstreet-Hughes Co.** has met just-in-time delivery standards and supplies fabricated metal tubing and copper materials to leading heating, ventilation, and air conditioning industry companies. Two years ago Hughes heard about SBA's export assistance through the **University of Memphis Small Business Development Center** and the **International Trade Center** there. The company was already shipping their products to Carrier plants in the U.S., but the Carrier plant located in Monterrey, Mexico, presented unique challenges. "We found SBA and the ITC's Gene Odom at just the right time. Odom's many visits and phone calls to the Overstreet-Hughes factory in Carthage from his Nashville office really paid off," says Hughes. With export sales soaring, the company is doubling its plant size and hiring about 100 new employees.

--Submitted by **David Tiller, Public Information Officer, Tennessee District Office-Nashville, (615) 736-7176**

Minnesota Small Business Exporter of the Year Attends Mexico Trade Mission... Named SBA's Minnesota Small Business Exporter of the Year, Jose L. Estrada considered trade missions a good opportunity to increase his export sales of beef, pork, lamb, and poultry to processors and wholesalers in Mexico. On March 27-28, 2000, Mr. Estrada, based in West St. Paul, Minnesota, joined other U.S. businesses on the **First Business Opportunities for U.S. and Mexican Small/Medium-Sized Companies** seminar, held in Mexico City. "The mission was such a great experience. It set the stage for good sales in the future," said Mr. Estrada, who was honored on May 4, 2001, at Small Business Week activities in Minneapolis. Nominated by the Hispanic Chamber of Commerce of Minnesota and Bridgewater Financial Group, **Estrada Foods** was started in 1999 after the owner spent 8 years working in the meat export industry. Exports reached about \$4 million in the company's first year of operations and jumped to \$8.5 million in 2000. Mr. Estrada first contacted the SBA through the **SCORE** program. Currently, all revenues come from exports to Mexico, but there are plans to expand into Brazil, Chile, and Puerto Rico.

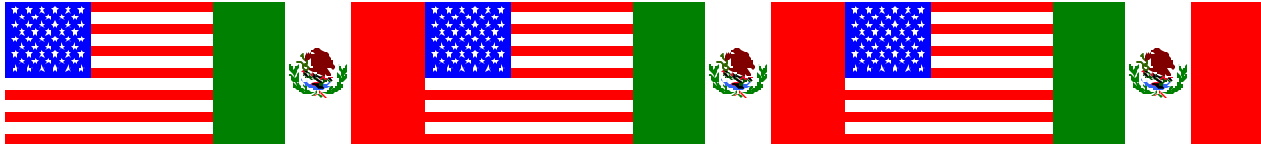
--Submitted by **George Saumweber, Public Information Officer, Minnesota District Office-Minneapolis, (612) 370-2322**

Exporting Doubles Jobs at Waycross, GA., Firm... You don't think of Waycross, the gateway to the huge Okefenokee Swamp, as a hotbed for exporting. But a hometown small business, **Flanders Provision Company**, is finding success for its commercial beef patties with new customers in far away Russia, Japan, and Mexico. The company never exported until last year when owner Huey Dubberly and sales manager Chris Huff made a move to boost sales so regular employees could keep their jobs in slow winter months and to help reduce overhead costs. Working with Ray Gibeau at the Atlanta U.S. Export Assistance Center, Flanders Provision used **SBA's Export Working Capital Program (EWCP)** to finance the production of beef products for export by obtaining a \$1 million loan to pay for new equipment to expand production. "Everything worked out beautifully and we took the purchase order from the overseas customer into the bank and received the EWCP loan that afternoon to buy raw material. After production, our customers paid us within 14 days and we paid the bank back within 3 weeks." Last year the company's export sales rose to nearly \$200,000, impressive for a company with total sales of less than \$9 million. Flanders Provision is now enrolled in **Export AG 2000**, a 7-month program operated by the Georgia Small Business Development Center to provide training and info on exporting value-added farm products.

--Submitted by **Jim Hightower, Public Information Officer, Georgia District Office-Atlanta, (404) 331-0100, ext. 215**

Georgia Franchisers find New Market South-of-the-Border... Popeye's Chicken also attended the First Business Opportunities for U.S. And Mexican Small/Medium-Sized Companies seminar, held in Mexico City in March 2001. Later at the **International Franchise Fair** in April, it's clear that Georgia exhibitors did extremely well in bringing home new overseas business. Firms exhibiting in person—Cinnabon, Buffalo's Café, and Blimpie's International—resulted in annual sales of \$78 million and first-year franchise fees of some \$4.7 million. Those companies that participated in the associated catalog show, including Popeye's Chicken, Certa-Pro Painters, Seattle's Best Coffee, California Closets, and Church's Fried Chicken, also reaped benefits. Ray Gibeau, SBA's representative at the Atlanta U.S. Export Assistance Center, is confident that suppliers also stand to benefit as medium-sized franchisers go global, and will be able to receive loan assistance from **SBA's Export Working Capital Program**.

--Submitted by **Ray Gibeau, SBA Representative, Atlanta U.S. Export Assistance Center, (404) 657-1961**



GUADALAJARA CONNECTIONS 2001 TRADE MISSION

Fall 2001

This trade mission focuses on key economic sectors to the Guadalajara region: high tech/electronics, environment, agribusiness, telecommunications, medical, industrial machinery, and pharmaceutical.

U.S. businesses will be attracted to this region because of the large concentration of high-tech companies in the electronics sector --- Lucent, Kodak, and IBM --- earning Jalisco the reputation of being Mexico's "Silicon Valley." It's also one of Mexico's most popular tourism sites with state-of-the-art health care technologies. The event will provide business-to-business matchmaking, translation services, exposure to one of Mexico's major markets, and trade counseling to 25 businesses. Quality matchmaking will be arranged by the State of Jalisco and the City of Guadalajara. Organized by the South Texas International Trade Center and the Small Business Development Center at The University of Texas at San Antonio, please contact Pamela Rogers at (210) 472-5913 or via email at pamela.rogers@sba.gov for more information. Cost to participate is \$300.

We hope you'll join us!

SOURCES OF INFORMATION

STATE OF TAMAULIPAS

Tamaulipas Trade Office—Casa Tamaulipas
Gloria Marquez, Director
203 South St. Mary's, Ste. 160
San Antonio, Texas
Tel: (210) 354-2272, Fax: (210) 354-2278
Email: casatampsa@email.msn.com
Website: www.tamaulipas.gob.mx

Casa Tamaulipas and *Business Tamaulipas*, a bimonthly review of business and economic news from Governor Tomas Yarrington's International Relations Office, provided most of the information on Tamaulipas. To receive a copy contact *Business Tamaulipas*, 213 Congress Avenue #112, Austin, Texas, 78701. For more information on Tamaulipas, call 1-877-98-TAMPS or Casa Tamaulipas.

NACIONAL FINANCIERA (NAFIN)

1615 L Street N.W., Suite 310, Washington, DC 20036
Tel: (202) 338-9010, Fax: (202) 338-9244
Email: nafinjm@worldnet.att.net
Website: <http://www.nafin.gob.mx>

This office is the representative office in the U.S. of the Mexican Industrial Development Bank. Their mission is to promote investment and joint ventures in Mexico.

NAFTAWORKS

NAFTA OFFICE/ MINISTRY OF THE ECONOMY (SECOFI)

Embassy of Mexico, 1911 Pennsylvania Ave., NW,
Washington, D.C. 20006
Tel: (202) 728-1707, Fax: (202) 728-1712
Email: naftadesk@aol.com
Website: <http://www.naftaworks.org>

This office promotes Mexican exports and foreign investment in Mexico and covers day-to-day Mexico-U.S. trade relations.

OHIO EXPORT LAUNCH

For more information, contact your local International Trade Assistance Center in Ohio or Jack Nettis at (440) 357-2290, ext. 29 or at jnettis@icedc.org

The U.S. Small Business Administration, San Antonio District Office, publishes this newsletter monthly. Subscriptions are free via electronic mail. To subscribe or to submit information, please contact Pamela Rogers, International Trade Specialist, SBA, 727 E. Durango, Room A-527, San Antonio, TX 78206, (210) 472-5913 Fax: (210) 472-5936 or via e-mail at pamela.rogers@sba.gov. For more information about the U.S. Small Business Administration's strategic international alliances, please visit our website at <http://www.sba.gov/oit>